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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

GEN-PROBE, INCORPORATED,	Plaintiff,
vs.	
VYSIS, INC.,	Defendant.

CASE NO. 99-CV-2668 H (AJB)
**Order Denying Motion for Stay and
for Dismissal of Fourth Cause of
Action**

On January 25, 2000, the plaintiff, Gen-Probe Incorporated ("Gen-Probe") filed a first amended complaint for declaratory relief and unfair competition relating to a patent and license agreement with the defendant Vysis, Incorporated ("Vysis"). On March 9, 2000, Vysis filed a motion to stay proceedings and for dismissal of the cause of action for unfair competition. Gen-Probe filed their opposition on April 10, 2000, and Vysis filed their reply on April 17, 2000. The motion was submitted on the papers and no oral argument was held.

BACKGROUND

Gen-Probe is a biotechnology firm which develops and continues to develop diagnostic tests called genetic probes or nucleic acid tests ("NAT"). (First Am. Compl. ¶ 6-7). Gen-probe allegedly patented a certain nucleic acid technology known as "Transcription-Mediated Amplification" which enables its products to detect "extraordinarily small quantities of the nucleic acids of infectious agents." (Id. ¶ 9). In early of 1999, Vysis informed Gen-Probe that it believed that Gen-Probe's HIV and HCV blood screening products infringed claims of their United States Patent No. 5,750,338 ("338 patent")

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1 (Id. ¶ 20). The '338 patent allegedly concerns probes for polynucleotide molecules such as DNA and
2 RNA. (Id. ¶ 20).

3 In order to avoid any complications concerning the planned sale of its NAT test kits, Gen-Probe
4 entered into a license agreement with Vysis concerning the '338 patent. (Id.). Under the terms of this
5 agreement, Gen-Probe must make financial payments to Vysis for royalties of the sale of any products
6 covered by the '338 patent. (Id. ¶ 21).

7 Gen-Probe now alleges that the '338 claims are invalid and that their NAT tests would not
8 infringe on the '338 patent if the claims were valid. In its complaint, Gen-Probe asserts the following
9 causes of action: (1) non-infringement of the '338 patent; (2) invalidity of the '338 patent; (3)
10 declaratory relief concerning the licensing agreement between the parties; and (4) a state court unfair
11 competition claim under California Business and Professions Code section 17200, *et seq.*

12 DISCUSSION

13 I. Request for Stay

14 Vysis argues that the matter should be stayed pending a reissue application of the '338 patent
15 with the United States Patent and Trademark Office ("PTO"). In considering a motion for stay, a
16 Court must weigh the benefits resulting from the reissue process against the hardships and prejudice
17 that a stay will cause on the parties. See Xerox v. 3Com Corp., 69 F. Supp. 2d 404, 406-07
18 (W.D.N.Y. 1999).

19 In this matter, Gen-Probe contends that the '338 patent is invalid. Vysis asserts that because
20 the PTO will consider the reissue application in light of Gen-Probe's assertions that the patent is invalid,
21 a stay would further "interests of judicial economy" and the Court would benefit from the PTO's
22 expertise and conclusions concerning the reissue application. However, the validity of a patent cannot
23 be based solely on the decisions of the PTO and the Court must still rule on the validity of the patent.
24 See Quad Environmental Tech v. Union Sanitary Dist., 946 F.2d 870, 875 (Fed. Cir. 1991) (holding
25 that courts are the final arbiters of patent validity and must decide without deference to the rulings of
26 the patent examiner).

27 Furthermore, there is no way to determine the length of time required for the PTO to examine
28 the reissue patent application. The parties disagree on whether the expedited status of reissue

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